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PROGRAMME PLANNING

Country and intercountry programmes and projects

EXTENSION OF THE FOURTH COUNTRY PROGRAMME FOR VENEZUELA

Note by the Administrator

I. JUSTIFICATION

1. The fourth country programme for Venezuela (DP/CP/VEN/4) was approved by the Governing Council of the United Nations Development Programme (UNDP) at its thirty-fourth session for an initial period of three years (1987-1989). Bearing in mind that the Administrator approved the extension of the country programme through 1990 (DP/CP/VEN/EXTENSION I), the Government of Venezuela has requested another extension for the year 1991, in order to be able to ensure continuity of activities under the country programme and continue defining orientations for the fifth programming cycle.

2. A consolidated document on the extension of the country programme, covering the biennium 1990-1991, has been prepared. This was done in order to make the request for extension more coherent, since the objectives set forth in 1990 apply fully to 1991 as well.

3. The new Government, which took office in February 1989, decided to undertake a structural adjustment of the economy in order to correct the existing macro-economic imbalances and carry out a broad social programme.

4. With these goals in mind, the Government formulated general guidelines for the Eighth National Plan, covering the period 1989-1993, in which it envisages bringing about a major economic turnaround. These guidelines were approved in January 1990.

5. The Government decided to use a portion of the unprogrammed reserve from the first phase of the fourth country programme (1987-1989) in the process of formulating guidelines for the Eighth Plan and in responding selectively to certain requests for assistance. The Government is requesting the extension of the current country programme as from January 1991 in order to meet the great challenges facing Venezuela. The objectives of the fourth country programme will thus be incorporated in the new social and economic development strategy contained in the Eighth National Plan.

6. During this extension period, the Government has requested that preparation of the fifth country programme be continued.

II. OBJECTIVES

7. Even though the objectives of the fourth country programme remain valid, one of them has been reformulated (see para. 11 (a) below) and a new one has been added (see para. 11 (e) below). These adjustments in the current country programme resulted from the formulation of the 1989 Development Plan in conjunction with the Government this year.

8. Accordingly, the extension of the programme has been formulated in accordance with the strategies outlined in the Eighth Plan. In this regard, and following the relevant analysis, the projects which most closely match the priorities for multilateral cooperation with the Government were identified.

9. The projects identified for UNDP assistance continue to fall into three categories. On the one hand, support is being provided in such areas as the modernization of the State, macro-economic policies and the utilization of technologies for more effective exploitation of natural resources and their application in production sectors. On the other hand, the Government is intensifying its efforts under a programme of restructuring and retrofitting aimed, inter alia, at making the manufacturing sector more competitive and, at the same time, supporting the reintegration of the business and industrial sectors in the international market in the light of the changes it has undergone. Lastly, companion projects to programmes for establishing the bases for the generation of productive employment and adequate income, in order to satisfy basic needs, are being identified.

10. The process aimed at extending the country programme was conducted in conjunction with the mid-term review, and included an analysis of projects being negotiated for approval during the extension period.

11. Accordingly, the objectives of the extended country programme are:

(a) To modernize and rationalize the management of selected public agencies and make the monitoring and management of public investment more efficient and effective by developing the managerial capacity of the State to deal with critical economic and social problems and modifying current institutional structures so as to satisfy the growing demand for democratization and citizen participation in public administration;

(b) To cooperate, in rationalizing the priority sectors of the economy - agriculture, industry and tourism - through targeted activities;

(c) To promote research and technological development, with emphasis on the requirements of the productive sectors;

(d) To assist in formulating and executing sanitation plans;

(e) To support the consolidation of programmes oriented primarily towards groups in situations of extreme vulnerability.

III. PROGRAMME DESCRIPTION

12. Within the development strategy for 1990-1993, the Eighth National Plan calls for a public investment plan totalling about $26,000 million, of which $5,000 million will be used for community assistance projects, such as water systems, drainage, education projects, primary health care and housing; $10,000 million for strengthening the supporting infrastructure for the production sector, and $11,000 million for production activities (petroleum, aluminium, bauxite, etc.). In addition, the Government has arranged for a structural adjustment programme on the order of $402 million to support the economic and social development strategy of the Plan.

13. In that regard, the objectives of the Eighth Plan coincide with the areas designated to receive support from UNDP in the following sectors: public policy and administration, science and technology, industry, agriculture and irrigation and social development.

14. The proposed activities take into account the comparative advantages of multilateral technical cooperation and the modest amount of UNDP resources available for the biennium 1990-1991. The programme, therefore, uses highly specific, selective inputs in which UNDP plays a catalytic role by means of projects that are relatively small but which have substantial levels of cost-sharing as well as counterparts who are generally capable of assuming direct responsibility for project implementation. On some occasions, projects implemented during the first three years of the fourth cycle were designed by means of preparatory assistance. Similarly, it is expected that the activities proposed for the year 1991 will provide a means for exploring needs and opportunities that might open the way to planning future UNDP technical cooperation.

15. The following list of activities has been organized in accordance with the Administrative Committee on Coordination (ACC)/UNDP classification. None the less, it must be recalled that many of the projects are related to more than one ACC sector. If they had been grouped on the basis of the programme objectives, as defined in paragraph 11, this would confirm a well-known emphasis on modernization of the State and on the strengthening of civilian society, basic prerequisites for development that is viable not just economically but also socially, scientifically and technologically.

Sector 2. General development issues, policy and planning

16. The guidelines for the eighth Plan state that the new strategy calls for a modern, strengthened and efficient State that must limit its sphere of action, concentrating on the one hand on allocating public resources only to strategic activities, and on the other, on fostering the country's integration into the new world-wide economic, cultural and technological trends.

17. In this context, activities will be designed to support the Government in: implementing the eighth Development Plan; rationalizing public investment; modernizing the State; strengthening the management of the bilateral and multilateral technical cooperation system; adjusting macroeconomic policies and identifying integrated development programmes.

18. In macroeconomic policy, consideration is being given to formulating a support project for the structural adjustment programme entered into in accordance with understandings reached between the Government and the World Bank, which was launched in April 1990.

19. Actions intended to strengthen national capacities and cooperation with other countries by means of mechanisms for technical cooperation among developing countries (TCDC) will continue to be promoted.

Sector 3. Natural resources

20. The statement on the new development strategy contained in the eighth Plan is based on the premise that the strategy should be accompanied by efforts in the area of environmental conservation, where society as a whole must prevent continuing degradation and reduce incidental damage whenever possible.

21. In the area of environment and natural resources, activities will be aimed at supporting community participation in sanitation and reclamation of river basins. These activities began in March 1990.

Sector 4. Agriculture, forestry and fisheries

22. For this sector, one of the objectives being pursued by the eighth Plan is the accelerated and sustained growth of efficient, competitive agriculture, for which resources must be concentrated on four basic strategies: agriculture and agroindustrial reconversion; trade reform; infrastructure and financing for production, and improving the quality of life in the rural environment.

23. Assistance activities in the agriculture/irrigation sector will be directed at strengthening the development of production activities in priority basins through irrigation, infrastructure works, identification of crops and exploitation of fish resources. Assistance in this sector began in 1990.

Sector 5. Industry

24. The new emphasis in the industrial sector represents a change of direction, firstly towards effective import substitution, and, secondly, towards non-traditional exports. This change will be achieved through a more rational use of resources, an increasing degree of specialization and a higher level of technological skills.

25. The aim in this sector is to support the Government in promoting competitiveness in the manufacturing sector through improved quality control of output and cost control, together with increased productivity, so as to take full advantage of growth potential.

26. In order to improve competitiveness, it is intended to complement this activity by promoting research into the processes involved in the production of goods and generation of services with the aim of encouraging the rationalization of the manufacturing sector. This activity will be based on the research and development infrastructure already extant in the country, with support being provided to universities and technological research centres.

Sector 7. International trade and development finance

27. There is a demonstrable need in the commercial sector to redirect the integration strategy so as to support reinsertion into the world market. Under the eighth plan the promotion of trade in visibles and financial services, through the encouragement and promotion of specific agreements to strengthen trade, is singled out as a basic component of this process.

28. Activities in support of the external trade policy sector began at the end of 1989 with a programme in support of the negotiations for Venezuela's accession to the General Agreement on Tariffs and Trade (GATT).

Sector 14. Social conditions and equity

29. The strategy for the social sector under the eighth Plan may be stated simply as improving the social infrastructure and redirecting State activity towards social compensation policies intended to address poverty in vulnerable groups and establish conditions which would favour the inclusion of these groups in the development process.

30. Activities in the social sector are designed to support measures selected by the Government to address poverty and help improve the conditions and quality of life of one segment of the population. In this connection it is intended to support grass-roots economy programmes and the establishment of public libraries for primary education, to strengthen institutional machinery for the conduct of social policy, and to support implementation of the cooperative development plan. Support will be provided for programmes intended to facilitate grass-roots involvement in social and economic development. Similarly, programmes to develop domestic tourism activities will be promoted under the population sector.

31. Support will also be provided for activities undertaken by the Ministry of Justice concerning the prison population and the social rehabilitation of prisoners. It is also intended to support the Ministry in its internal restructuring and in its development of judicial practice and the legal system.

Sector 15. Culture

32. The Eighth National Plan approaches cultural affairs in conjunction with key development sectors such as economics, social matters and the environment. The cultural dimension requires the establishment of a range of conditions to promote a genuine process of cultural change with the emphasis, inter alia, on the relevance of cultural identity and on protecting, disseminating and focusing on the material and non-material components of cultural heritage.

33. Activities in this sector are designed to promote cooperation with the National Cultural Council (CONAC) in establishing a cultural heritage conservation centre and in applying cultural policies.

Sector 16. Science and technology

34. In this sector the strategy is to promote scientific and technological skills as a key factor in making the country competitive. Development of such skills is to be based on the following basic components: national scientific and technological development, the effective transfer of technology and the potential of science and technology.

35. Activities in the science and technology sector are designed to facilitate access to leading-edge technologies to promote optimum use of natural resources and their use by the production sector. Further, pre-feasibility studies will be undertaken to analyse and make technical recommendations regarding appropriate use of the natural resources available.

36. Initiatives will be undertaken to promote links between research centres, particularly universities, and the production sector at the level of individual enterprises so as to encourage self-funding by universities and to develop the national capacity for innovtion required in the development of the production sector.

IV. RECOMMENDATIONS BY THE ADMINISTRATOR

37. The Administrator recommends that the Governing Council approve the second extension of the fourth country programme for Venezuela.

Annex

FINANCIAL SUMMARY AS OF 31 DECEMBER 1990

(in United States dollars)

	At start of country programme $	At time of extension $
I. RESOURCES TAKEN INTO ACCOUNT		
IPF allocation (including third cycle carry-over (+/-)	3 126 000	5 130 000
Government cost-sharing	4 802 000	9 804 000
Third-party cost-sharing	-	-
Subtotal, IPF-linked resources	7 928 000	14 934 000
Other funds under authority of Administrator (e.g. UNCDF, SPR, UNIFEM, UNFSTD, UNRFNRE, SMF)	-	-
TOTAL RESOURCES TAKEN INTO ACCOUNT	7 928 000	14 934 000
II. USE OF RESOURCES a/		
Approved projects	3 569 000	14 564 000
Pipeline projects	3 973 000	370 000
Unprogrammed resources	386 000	
TOTAL USE OF RESOURCES	7 928 000	14 934 000

a/ IPF plus cost-sharing.